



PROPERTY VALUATION
HOW IT AFFECTS YOUR TAX BILL
2009-2010



**GRAHAM COUNTY
ASSESSOR'S OFFICE**

www.graham.az.gov

921 Thatcher Blvd.
Safford, AZ 85546

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ASSESSOR

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BROOKS N. BRYCE
CHIEF DEPUTY

This booklet has been written to assist the property owner in understanding the Arizona property tax system.

ASSESSOR'S Frequently Asked Questions:



1. How is the market going to affect my property value?

The 2010 Notices of Value were mailed February 13, 2009 . They are called the '2010 Notices of Value' because they will be used to calculate the 2010 tax bill.

The 2010 value is not an estimate of the market in 2010. It is actually the market value as of January 2007 through June 2008. (This is the valuation calendar set by the Arizona Dept. of Revenue. A.R.S. 42-13005)

The values for the 2010 Notices were determined prior to January of 2009.

Statute defines Full Cash Value as being synonymous with Market Value and requires the Assessor to value property at Market Value. (Again, using market value from January 2007 through June 2008.)

The Department of Revenue requires the Median Full Cash Value to fall between 74% and 90% of Market Value.

2. How will my property value affect my tax bill?

Tax bills are calculated using the Limited Property Value and the Full Cash Value of your Property. In a declining market, the lower values should represent a lower tax bill, however, the Assessor does not set tax rates. Tax Authorities set the rates based on their budget needs for the upcoming year.

Therefore, the amount of your tax bill will depend on the rates set by the taxing entities that are authorized to levy taxes on your property.

For example, everyone in the county will pay taxes to Graham County Government which includes Eastern Arizona College, Local School District, Flood Control, and Fire District Assistance Fund based on the Limited Property Value (LPV).

Each taxpayer will also pay taxes for bonded indebtedness based on the Full Cash Value (FCV) of their property. Elections and signed petitions are needed to approve all bonded indebtedness. When approved, these bonds will be paid for through the Property Owner's tax bills.

In addition there may be special districts that have been voter approved to levy taxes. These include but are not limited to:

Fire Districts
Irrigation Districts

All special districts in your Tax Area Code levy taxes against the Full Cash Value of your property. The Fire District Assistance Fund, and Flood Control also levy taxes against the Full Cash Value of your property.

Your Primary tax rate is the total of all tax rates levied by Graham County, Municipalities and School Districts on your Limited Property Value. These tax rates fund the day to day expenses of local government and are limited in increases by statute.

The Limited Value of your property will continue to increase each year until it reaches the Full Cash Value of your property. This calculation is set by state statute and not by the Assessor's Office.

DEFINITION OF TERMS

► FULL CASH VALUE:

Full Cash Value is synonymous with market value. **Full Cash Value** shall be used as the basis for levying secondary property taxes. Refer to A. R. S. §42-11001.

ASSESSED FULL CASH VALUE:

Full Cash Value is multiplied against the classification ratio (based on use) to arrive at the Assessed **Full Cash Value**.

THE ASSESSED **FULL CASH VALUE**
DIVIDED BY THE LEVY (PER \$100)
MULTIPLIED BY THE TAX RATE=SECONDARY TAX LIABILITY

For instance: (Hypothetical Home Value)

\$170,000 Full Cash Value on a home

170,000	
<u>X10% (Assessment Ratio)</u>	
17,000	(Assessed Full Cash Value)

17,000/100 (Levy per hundred)=170

\$170 times the *tax rate would equal the full cash or secondary tax liability.

The tax rate is set by the taxing entities in your Tax Area Code.

TAX AREA CODE: Geographic area subject to specific taxing authorities.

*2008 secondary tax rates varied from a low of 0.0500 to a high of 3.2961 depending on the tax area code.

All secondary taxing authorities are governed by boards that set budgets and tax rates. Graham County has added the contact person for each taxing entity on the back of your tax bill. As a taxpayer, you have the right to voice your opinion to specific entities that levy taxes against your property values.

DEFINITION OF TERMS

►LIMITED PROPERTY VALUE:

Limited Property Value means just what it says. It is limited to the amount it can increase each year. Growth is limited to the greater of (1) 10% more than prior year's limited value or (2) 25% of the difference between the prior year's limited value and the current year's Full Cash Value. **Limited Property Value** cannot exceed the Full Cash Value.

Refer to A. R. S. §42-13301.

ASSESSED LIMITED PROPERTY VALUE:

Limited Property Value is multiplied against the classification ratio (based on use) to arrive at the **Limited Assessed Value**.

THE ASSESSED **LIMITED PROPERTY VALUE**
DIVIDED BY THE LEVY (PER \$100)
MULTIPLIED BY THE TAX RATE=PRIMARY TAX LIABILITY

For instance: (Hypothetical Home Value)

\$160,000 Limited Property Value on a home

160,000
X10% (Assessment Ratio)
16,000 (Assessed Limited Property Value)

16,000/100 (Levy per hundred)=160

\$160 times the *tax rate would equal the limited property or primary tax liability.

This tax rate is set by Graham County, Eastern Arizona College, the specific school district where you reside and municipalities that levy taxes.

*2008 primary tax rates varied from 0.1525 to 8.1741 depending on the tax area code.

Homeowners (owner-occupied) get a reduction on the primary side of taxation. It will show up in the tax summary of your tax bill as 'Less State Aid to Education.'

DEFINITION OF TERMS

LEGAL CLASSIFICATIONS:

Property Class	Assessment Ratio
Home -----	10%
Commercial -----	*22%
AG/Vacant Land -----	16%

These 3 classifications are the most common uses of property although the State of Arizona has 32 classifications of property.

*22% ratio is for 2009 only. The rate will continue to decrease 1% per year until the assessment rate for commercial properties reaches 20%.

NOTICE OF VALUE

The Assessor is required to notify every property owner in the county of the value we have assigned to their property. These notices are mailed prior to March 1 each year (Notices for Graham County were mailed February 13). Every property owner has the right to appeal their property values. If you believe the Full Cash Value is not a fair estimate of the fair market value, you have 60 days to file an appeal with the Assessor's Office. You must file by the date on the Notice of Value cards or letters. If you do not file with the Assessor within that time, your only avenue is to file with tax court to contest the value of your property. You must file with tax court before December 15th in the year you receive the Notice of Value. For instance, this year 2010 Notices of Value were mailed and that would be the value you would be contesting in tax court.

If you file an appeal but are not satisfied with the ruling of the Assessor, you can go to the next step which is to appeal to the Board of Equalization. This allows you to present your case to a hearing officer for further consideration of your value. You must file this appeal within 25 days of the date the decision is mailed from the Assessor. If you are not satisfied with the ruling of the hearing officer, you can file with tax court by December 15th.

If you own an un-affixed manufactured home or have business personal property, your **Notice of Value** is mailed in August. You have 20 days from the date on the Notice of Value card to appeal your value.

DEFINITION OF TERMS

NOTICE OF CHANGE

A Notice of Change card is generated when there is a qualified change to the property during the year. These Notices are mailed on September 30th. A notice of change is issued when the property has been split or combined, or an improvement (home, garage, etc) has been added to the property which changes its use and/or value. Property owners who receive a Notice of Change card in the mail have 25 days from the date on the card to appeal the new value that has been placed on the property.

RENTAL CLASSIFICATION

In accordance with House Bill 2221, enacted in the 2006 legislative session, the purpose of this addendum is to inform property owners of the following:

1. If the Property listed on this Notice of Value is used for residential rental purposes as defined in Arizona Revised Statute (A.R.S.) § 42-12004 and is currently classified as Legal class 3 (owner occupied), you must register the property as a rental (Legal class 4), with the County Assessor pursuant to A.R.S. 33-1902 of the Rental Residential Property law. Failure to do so may subject you to a penalty.
2. If you fail to register the rental property with the County Assessor after receipt of this Notice of Value, the city or town in which the property is located may impose a civil penalty in the amount of one hundred and fifty dollars (\$150) per day payable to the city or town for each day of violation, and the city or town may impose enhanced inspection and enforcement measures on your property.
3. Several Arizona cities and towns impose a "Transaction Privilege Tax" on persons engaged in the business of leasing or renting residential property. You can access the Model City Tax Code Section 445 for information on the cities and towns that impose the tax to determine if you are required to report the rental use. The web site for the model city tax code is www.modelcitytaxcode.org. That site also contains a phone number for answers to questions regarding the applicable requirements for the Transaction Privilege Tax program.
4. Residential Rental Properties are required to comply with the Landlord Tenant Act pursuant to Title 33, Chapters 10 and 11.

If your mailing address has changed, please inform the Assessor's office.

PROPERTY PROTECTION PLAN

Senior Property Valuation Protection (Senior Freeze Plan):

(form DOR 82104)

HCR #2038: Valuation Freeze for Seniors' was approved by the voters of the State of Arizona in the general election November 7, 2000. This program became effective for tax year 2001. In November 2002, a revision was voter approved regarding application deadline and income limits.

Qualifications for Seniors' Property Valuation Protection

1. **AGE:** At least one property owner must be the minimum qualifying age of 65 at the time of application.

2. **RESIDENCE:** The property must be the owner(s) primary residence. A "primary" residence is that residence which is occupied by the property owner(s) for an aggregate of nine months of the calendar year. A qualified owner can have only one primary residence and must have resided in the residence for two years at the time of application. This protection includes up to ten acres of land including the primary residence identified by one parcel number.

3. **OWNERSHIP:** If the property is held in trust, provide proof of trustees along with the application to determine ownership eligibility. Any change in ownership may result in the loss of the Freeze.

4. **INCOME LIMIT:** All gross income, taxable and non-taxable, of all owners will be used to determine eligibility. Income to qualify for this program must be verified for three years prior to the year in which the freeze becomes effective (2006, 2007, 2008). Total three-year average income cannot exceed the following limits:

\$32,352 – One Owner
\$40,440 – Two Or More Owners

It is important to understand, should you qualify for the program your TAXES are NOT frozen.

The freeze applies only to the FULL CASH VALUE of your property and will remain frozen even in the event of a declining real estate market. Any changes to the property such as new construction or demolitions will change your FULL CASH VALUE.

PERSONAL EXEMPTION PLANS

Type of Personal Tax Exemptions offered:

A Widow/Widower's Exemption (DOR form 82514) is tax relief for property owners whose spouse is deceased. The benefit of and requirements for the exemption are stated below.

- Must have resided with your spouse in Arizona, as residents, at time of death **or**
Must have established residency in Arizona prior to January 1, 1969, if your spouse died as a resident of a state other than Arizona.
- Must submit one of the following: (with form DOR 82514)
Recorded copy of deceased spouse's death certificate **or**
Docket and Page of recording of deceased spouse's death certificate. (Death Certificate must be recorded in Graham County.)

A Disability Exemption (DOR form 82514) is tax relief for disabled persons. A person must be **totally and permanently** disabled, either physically or mentally; *resulting in that person's inability to engage in any substantial gainful activity.*

Must submit the following: (with DOR form 82514)
Certificate of Disability signed by a physician or psychiatrist. (DOR form 82514B)

When submitted, the certificate must:

- State the applicant's disability to be total and permanent.
- Be dated between February 28th of previous year and February 28th of current year.

All Exemption Forms and accompanying documentation must be postmarked or delivered by the last business day of February of current year.

**For more information on these plans please contact our office:
921 Thatcher Blvd
Safford, AZ 85546
(928) 428-2828**

Graham County Sample Notice of Value

Notice for Tax Year → **2010 RESIDENTIAL NOTICE OF VALUE**

THIS IS NOT A TAX BILL

- **APPEAL INSTRUCTIONS** are on the back side of this Notice. Appeal forms are available by phone by calling the County Assessor's Office at
- If the legal class shown for this property is Class 3 (owner-occupied) and the property is being rented, you must report the rental use to the County Assessor within 30 days of receipt of this Notice of Value. Failure to report the rental use may result in a civil penalty pursuant to A.R.S. § 42-12052.

Full Cash Value Definition, see pg 4 → **FULL CASH VALUE (FCV)** is synonymous with market value if no statutory method is prescribed to determine the value. FCV is used to compute secondary taxes including bonded indebtedness, special budget override district taxes (fire, flood control, etc.)

Limited Property Value Definition, see pg 5 → **LIMITED PROPERTY VALUE (LPV)** is calculated according to a statutory formula mandated by the Legislature and is used to compute primary taxes earmarked for maintenance and operation of school districts, cities, counties, and community college districts. LPV can not exceed the

Parcel # **Mail Date** **Appeal Deadline, see pg 6**

PARCEL ID NUMBER: **NOTICE DATE:** **APPEAL DEADLINE:**

Previous Year-Comparison Only	FULL CASH VALUE				LIMITED PROPERTY VALUE			
	Legal Class	Value	Assessment Ratio	Assessed value	Legal Class	Value	Assessment Ratio	Assessed value
2009								
2010								

Legal Description: **Assessed Value** **Limited Property Value-set by statute, see pg 3**

Legal Classification, see pg 6 **Assessment Ratio of Property, see pg 6**

Full Cash Value-This is the only value you can appeal for tax year shown (2010)



Confused? Please feel free to call the Graham County Assessor's office at (928) 428-2828. We will be glad to help you.

Graham County

Sample Property Tax Notice

2008 PROPERTY TAX NOTICE		Graham County		ARIZONA	
PARCEL #	AREA CODE	PRIMARY TAX RATE PER \$100 ASSESSED VALUE	SECONDARY TAX RATE PER \$100 ASSESSED VALUE	IRRIGATION DISTRICT \$ PER ACRE	2008 TAX SUMMARY
1	2	3	4	5	6
10	11	12	13	14	7
ASSESSMENT		VAL IN DOLLARS		ASSMT %	ASSESSED VALUE
LIMITED LAND, BLDGS, ETC					
LIMITED PERSONAL PROPERTY					
LIMITED TOTALS					
FULL CASH LAND					
FULL CASH BUILDINGS, ETC					
FULL CASH PERSONAL PROPERTY					
FULL CASH TOTALS					
ACREAGE:		JURISDICTION		2007 TAXES	
		02000 GRAHAM COUNTY		2008 TAXES	
		04153 CITY OF SAFFORD			
		07101 SAFFORD SD #1			
		08150 COLLEGE DISTRICT			
		11900 FIRE DISTRICT ASSIST			
		15000 GC FLOOD DISTRICT			
		30000 GILA TECH DISTRICT			
				TOTAL TAX DUE FOR 2008	
				COMPARISON between Tax Years.	
				TOTALS	

1. Parcel Number
2. Tax Area Code-see pg 4
3. Primary Tax Rate (Limited)-see pg 5
4. Secondary Tax Rate (Full Cash)-see pg 4
5. Total Tax Due (Primary + Secondary)
6. Total Secondary Tax-see pg 4
7. Net Primary Tax-see pg 5
8. (Less State Aid to Education)-see pg 5
9. Primary Tax-see pg 5
10. Total Limited Value-see pg 5
11. Total Full Cash Value-see pg 4
12. Total Assessed Limited Value-see pg 5
13. Total Assessed Secondary Value-see pg 4
14. Personal Exemption amounts

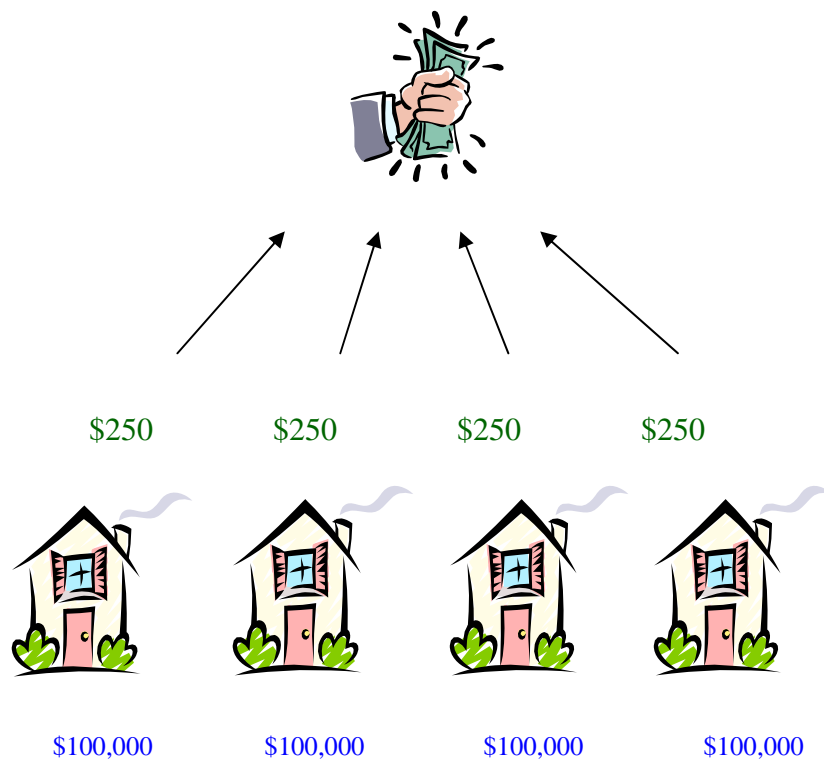
This section of the tax bill shows the taxing authorities able to levy taxes on this property. Yours may be different.

Property Tax Explanation

The Graham County Assessor's office has received a number of inquiries that highlight broad misunderstanding of how our property taxes are determined and where limits apply. The best way I know to explain Graham's property tax system is with some simple illustrations.

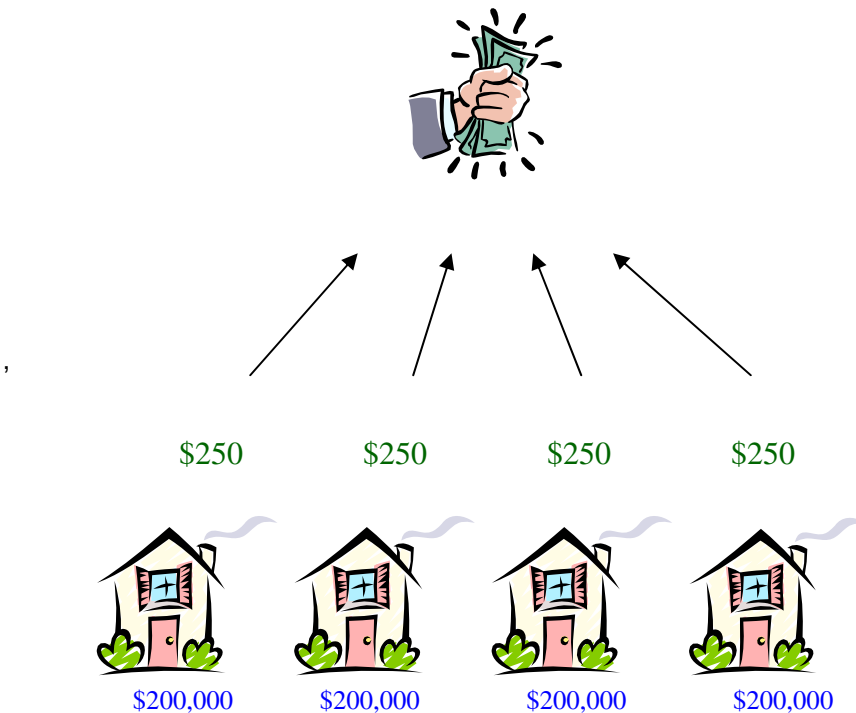
Imagine a little city that consists of four homes, each exactly the same, and each appraised by the Assessor at \$100,000. Let's also say that the annual city budget for our imaginary city is \$1000. To raise the amount of the budget, each homeowner must pay \$250. Four homes each paying \$250 raises \$1000. **Our property tax system is budget based.** We tax enough to raise the amount in the budget. No more.

\$1000 Budget



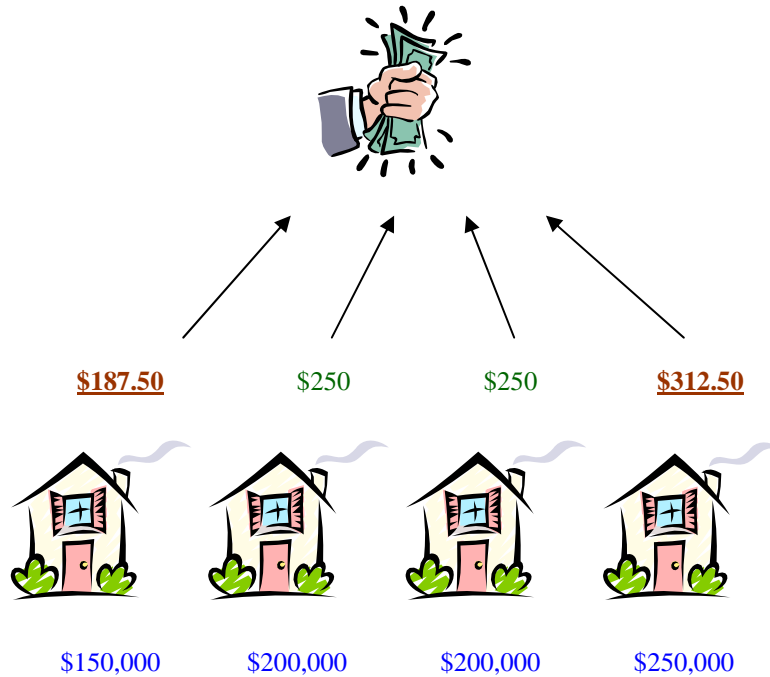
Let's say next year's budget remains at \$1000, but the assessed value of all the homes doubles to \$200,000 each. Do the taxes on each of the homes change? No. To raise the **budgeted amount**, each must still pay \$250. In this example, the assessed value of each home doubled, but the tax didn't change.

\$1000 Budget



Now let's get a bit more realistic and say that the values on the homes change differently. Suppose one home goes from \$100,000 to \$150,000. Two homes double in value to \$200,000 and the last home jumps up to a whopping \$250,000! Now what happens to the taxes? Well, the average value of the four homes is still \$200,000. So the taxes on the two homes that go to \$200,000 are unchanged. They are at the average and they each still pay \$250. The lowest valued home sees its tax go down to \$187.50, even though the assessed value goes up 50 percent! The home that jumped 150 percent to \$250,000 in value sees its property tax go up to \$312.50, a 25 percent increase. In the end, we still only raise \$1000 total to meet the budget.

\$1000 Budget

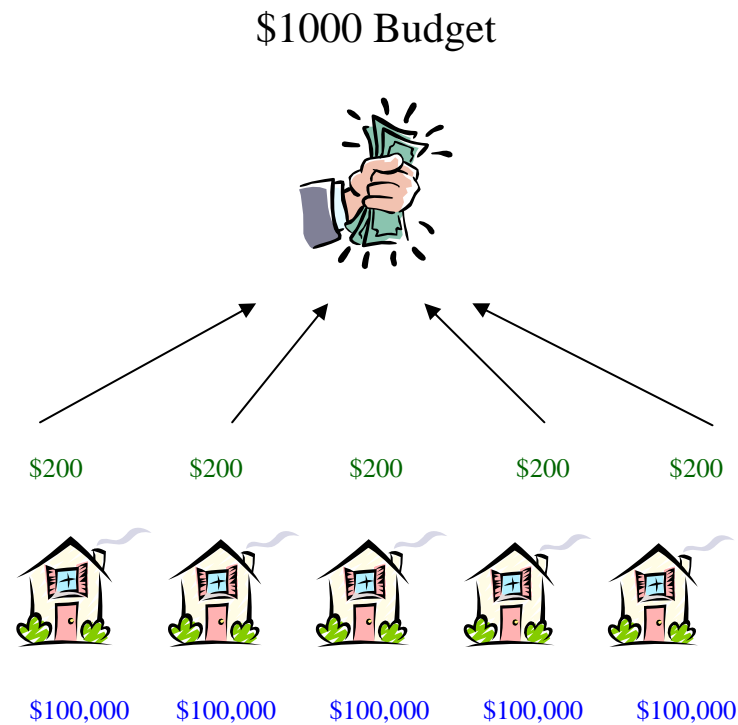


But wait. Normally budgets don't stay the same; they go up, right? Currently, constitutional restrictions limit Arizona's primary property tax levies to a 2% increase each year plus any revenue from new construction, but do not subject secondary taxing districts to these levy limitations. In our imaginary city, the \$1000 budget can only increase 2 percent to \$1020 the following year unless the voters who live in the city approve a higher increase (we won't consider secondary taxing districts at this time).

Our imaginary city gives simple illustrations of our property tax system. In reality, it's not so simple. In Graham County, there are about 17,000 parcels (all different from each other), over 22 different tax code areas and over 20 taxing authorities. Although each property is in one tax code area, each property is in a number of tax districts because tax districts overlap. For instance, your next door neighbor could be in a different fire district or school district, etc. The result is that even though you live right next to each other, you could be in different tax code areas, and have totally different tax rates. The tax districts in Graham County are comprised of the state, county, cities, fire districts, emergency service districts, sewer and water districts, resulting in several different tax code areas. Each tax district has an annual budget.

We also assess and tax business personal property. And we process senior and disabled exemptions and farm and agricultural valuation reductions. Graham County's property tax system operates just like our imaginary little city, but on a much larger scale and with all these additional factors.

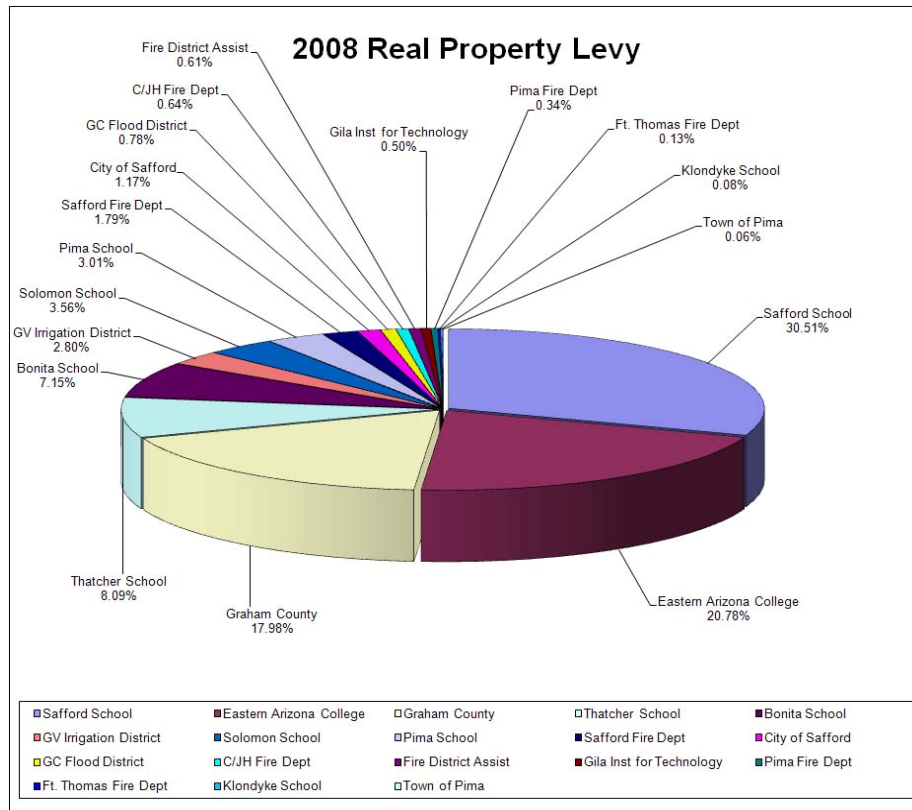
I have one more illustration that I think would be useful in our discussion. Let's look at what happens if someone moves into our little city and builds a new house. If we again say the assessed value of each home is the original \$100,000 but add a new home, look what happens to the individual property tax on each home. Five homes supporting the \$1000 budget means each home now pays only \$200 each. While growth brings more demand for government services, and is likely to push up demand for a greater budget, the initial effect is decreased taxes.



Tax Rate Comparison

Tax Auth #	Taxing Authority	2006	2007	2008
02000	County of Graham	1.7601	1.7336	1.6293
11900	Rural Fire Dist Assistance	.0570	.0546	.0508
02001	County Education Equalization	.0000	.0000	.0000
15000	County Flood Control District	.0753	.0753	.0753
08150	Eastern Arizona College	2.0658	2.0033	1.8828
04153	City of Safford	.4709	.4474	.4120
04152	Town of Thatcher	.0060	.0000	.0000
04151	Town of Pima	.1785	.1845	.1525
11201	Safford Rural Fire District	1.0400	1.0400	1.1500
11205	Pima Rural Fire District	.7000	.7000	.7000
11206	Ft. Thomas Rural Fire District	.9100	.9100	.9100
11204	Central/Jackson Heights Rural Fire	.9000	.9000	.9000
07101	Safford School District	6.8229	6.2200	6.2200
07103	Thatcher School District	5.6064	5.6064	4.4391
05005	Solomon School District	4.3850	4.3850	4.3850
07102	Pima School District	3.1651	3.1651	4.1851
05009	Klondyke School District	1.9446	1.9446	1.9446
05016	Bonita School District	4.8750	3.8270	3.8270
30000	Gila Institute for Technology	.0500	.0500	.0500
16001	Gila Valley Irrigation District*	\$13.80 per acre	\$13.80 per acre	\$13.80 per acre
	*Charged per acre on parcels with irrigation water			





Safford School	4,517,977.92
Eastern Arizona College	3,076,193.81
Graham County	2,662,093.06
Thatcher School	1,198,223.46
Bonita School	1,059,302.32
GV Irrigation District	415,030.26
Solomon School	527,102.46
Pima School	446,173.93
Safford Fire Dept	265,299.37
City of Safford	173,667.89
GC Flood District	115,477.66
C/JH Fire Dept	94,628.45
Fire District Assist	89,718.37
Gila Inst for Technology	73,741.25
Pima Fire Dept	50,821.50
Ft. Thomas Fire Dept	19,621.31
Klondyke School	11,923.48
Town of Pima	9,440.03
Total Levy	14,806,436.53

LINKS:

Graham County's web site:

www.graham.az.gov

Arizona Constitution:

www.azleg.state.az.us/Constitution.asp

Arizona Department of Revenue:

www.azdor.gov

Arizona Revised Statutes:

www.azleg.state.az.us/ArizonaRevisedStatutes.asp

NOTES:



MISSION STATEMENT

The mission of the Graham County Assessor's Office is to administer our duties in a manner that assures public confidence in our accuracy, productivity, and fairness. We perform the following major functions to fulfill our mission:

- Discover, list and value uniformly all taxable and non-taxable property in Graham County.
- Determine proper legal class for all properties based on the current use of the property.
- Comply with the legal requirements for processing assessment appeals in a timely manner.
- Determine the eligibility for property tax exemptions, senior freezes, and other taxpayer programs.
- Provide current assessment related information to the community and to government agencies.
- Work to improve the property tax laws in State of Arizona.

We will treat everyone with respect, compassion and dignity and will be guided by the principles of fairness and honesty. We will employ the highest ethical standards and demand of ourselves accountability, consistency and truthfulness in the pursuit of our mission.

Produced by
GRAHAM COUNTY ASSESSOR'S OFFICE

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